

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY PRAGUE

UNCLAS STATE 224339

E.O. 11652: N/A

TAGS: CPRS, EFIN

SUBJECT: CLAIMS/GOLD

REF: PRAGUE 2567

1. SCHWEBEL STATEMENT IN QUESTION WAS MADE AUGUST 25 TO SUBCOMMITTEE ON INTERNATIONAL TRADE AND COMMERCE OF HOUSE COMMITTEE ON INTERNATIONAL RELATIONS, WHICH HELD HEARINGS REVIEWING ALL CLAIMS SETTLEMENTS OF USG WITH COMMUNIST GOVERNMENTS.

2. FULL TEXT OF SCHWEBEL REFERENCES TO SETTLEMENT WITH CZECHOSLOVAKIA, WHICH WERE PART OF HIS CLEARED PREPARED STATEMENT, FOLLOWS. APART FROM THIS, CONG. BINGHAM ASKED SCHWEBEL IF HE COULD USEFULLY ELABORATE ON HIS REFERENCES TO CZECHOSLOVAKIA AND HE REPLIED THAT HE COULD NOT.

3. "REPRESENTATIVES OF THE GOVERNMENTS OF THE UNITED STATES AND CZECHOSLOVAKIA HAVE HELD INTERMITTENT CLAIMS SETTLEMENT NEGOTIATIONS OVER THE LAST 15 YEARS. AS A
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RESULT OF THESE NEGOTIATIONS, BOTH GOVERNMENTS INITIALED

AN (BEGIN UNDERLINE) AD REFERENDUM (END UNDERLINE) CLAIMS
SETTLEMENT AGREEMENT ON JULY 5, 1974.

"THE AGREEMENT PROVIDED FOR (1) THE PAYMENT BY THE
GOVERNMENT OF CZECHOSLOVAKIA TO THE GOVERNMENT OF THE
UNITED STATES OF \$29.5 MILLION, IN INSTALLMENTS, IN
SETTLEMENT OF CLAIMS OF NATIONALS OF THE UNITED STATES
AGAINST THE GOVERNMENT OF CZECHOSLOVAKIA FOR THE
NATIONALIZATION OR OTHER TAKING OF PROPERTY BETWEEN
JANUARY 1, 1945, AND THE DATE THE AGREEMENT ENTERS INTO
FORCE, AND (2) THE WITHDRAWAL BY THE UNITED STATES OF
ITS OBJECTION TO THE RELEASE OF 18,400 KILOGRAMS OF GOLD
TO THE GOVERNMENT OF CZECHOSLOVAKIA WHICH IS BEING
HELD IN THE CUSTODY OF THE TRIPARTITE COMMISSION FOR
THE RESTITUTION OF MONETARY GOLD.

"THE DEPARTMENT WAS PRECLUDED FROM BRINGING THE AGREE-
MENT INTO FORCE BECAUSE THE CONGRESS ADDED AN AMENDMENT
TO THE TRADE ACT OF 1974 REQUIRING THE DEPARTMENT TO
RENEGOTIATE THE AGREEMENT AND OBTAIN MORE FAVORABLE
PAYMENT PROVISIONS.

"SUBSEQUENTLY, A LAWSUIT WAS FILED IN THE UNITED STATES
DISTRICT COURT FOR THE DISTRICT OF COLUMBIA ASKING THE
COURT, AMONG OTHER THINGS, TO DETERMINE THAT THE TITLE
TO THE GOLD WAS HELD BY THE GOVERNMENT OF CZECHOSLOVAKIA
AND TO REQUIRE THE SALE OF THE GOLD AND DISTRIBUTION
OF THE PROCEEDS TO PERSONS WHO HAVE RECEIVED AWARDS
FROM THE FOREIGN CLAIMS SETTLEMENT COMMISSION. THE
CASE WAS DISMISSED BY THE COURT AND HAS BEEN APPEALED
TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT
OF COLUMBIA CIRCUIT. BUT FOR THE TIME BEING, SETTLEMENT
OF CLAIMS AGAINST CZECHOSLOVAKIA IS UNRESOLVED.

"AT THIS TIME, PROGRESS IN NORMALIZING OUR BILATERAL
RELATIONS WITH CZECHOSLOVAKIA APPEARS UNLIKELY PRIOR
TO SETTLEMENT OF THE CLAIMS/GOLD ISSUE ON A MUTUALLY
SATISFACTORY BASIS. THE STATE DEPARTMENT HAS BEEN IN
TOUCH WITH THE CONGRESS ON THE CLAIMS QUESTION AND WE
ARE HOPEFUL THAT WE CAN ARRANGE FURTHER DISCUSSIONS
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WITH THE CZECHOSLOVAK GOVERNMENT AND ACHIEVE A BETTER
CLAIMS AGREEMENT. WE ARE MINDFUL OF THE HARDSHIPS
FURTHER DELAY WILL IMPOSE ON AMERICAN CLAIMANTS." KISSINGER

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